

Members

Sen. James Merritt, Chairperson  
Sen. Marvin Riegsecker  
Sen. Robert Jackman  
Sen. James Lewis  
Rep. Jerry Denbo  
Rep. Ben GiaQuinta  
Rep. Ron Liggett, Vice-Chairperson  
Rep. Gloria Goeglein  
Rep. Thomas Saunders  
Rep. David Wolkins  
Sen. Rose Antich  
Sen. Lindel Hume



## INTERIM STUDY COMMITTEE ON BUREAU OF MOTOR VEHICLE ISSUES

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Authority: Legislative Council Resolution 99-1  
(Adopted May 26, 1999)

### MEETING MINUTES<sup>1</sup>

Meeting Date: October 26, 1999  
Meeting Time: 1:30 P.M.  
Meeting Place: State House, 200 W. Washington St.,  
Room 404  
Meeting City: Indianapolis, Indiana  
Meeting Number: 6

**Members Present:** Sen. James Merritt, Chairperson; Sen. Marvin Riegsecker; Sen. Robert Jackman; Sen. James Lewis; Rep. Jerry Denbo; Rep. Ben GiaQuinta; Rep. Ron Liggett, Vice-Chairperson; Rep. Gloria Goeglein; Rep. Thomas Saunders; Rep. David Wolkins; Sen. Lindel Hume.

**Members Absent:** Sen. Rose Antich.

Chairperson Merritt called the meeting to order at 1:37 p.m. He thanked the Commissioner and staff of the Bureau of Motor Vehicles (BMV) and the Bureau of Motor Vehicles Commission (BMVC) for their assistance and cooperation during this summer and fall. Vice Chairperson Liggett also thanked the BMV and BMVC; he stated that he appreciated their cooperation. Commissioner Gary Gibson of the Bureau of Motor Vehicles thanked the

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Committee for its cooperation: and he reminded them that there still are some issues that are undecided from his presentation of the first meeting; foremost is that of whether the BMV should act as a business or an agency.

John von Arx, Michael Gargano, and Jeff Wiesinger of KPMG Consulting spoke to the Committee about their firm's involvement in e-Engineering and state government (see Exhibit A). Mr. von Arx stated that several state governments use the services of their firm. He praised Indiana for having taken electronic initiatives in BMV services, and stated that Indiana compares favorably to other states in that regard. He suggested that Indiana follow the lead of Virginia, which allows dealers to issue license plates at the time a vehicle is purchased. Mr. von Arx stated that 80% of all franchise dealers perform this function in Virginia, and they perform about 35,000 electronic registrations per month. The trio furnished the Committee with a breakdown of initiatives performed in other states. Vice Chairperson Liggett was concerned about a constituent who bought a vehicle in Florida, because Florida does not reciprocate with Indiana on the amount of sales tax due. Representative Goegelein urged greater use of bar codes in BMV transactions. Senator Jackman asked if the dealers in Virginia were considered another branch, but Mr. von Arx believed they were considered additional outlets. In response to Vice Chairperson Liggett's question, Mr. von Arx stated that dealers in other states collect about \$8 to \$10 for their cost to furnish the service. Representative GiaQuinta wondered if one dealer had several outlets, would it be necessary for the customer to go to a specific outlet for the service; Mr. von Arx believed the outlets would be hooked up electronically and that any could provide the registration. Senator Hume asked if the use of these outlets allowed other states to close BMV branches, but Mr. von Arx did not think that any were closed in other states. In response, Senator Hume stated that it appeared to him that if branches are not profitmaking and if revenue sources are taken away, more branches would need to be closed as cost-ineffective.

Chairperson Merritt suggested that a pilot program of allowing auto dealers to register vehicles could be begun, with one dealer chosen in each congressional district at the outset. Tim Dowling of the Automobile Dealers Association of Indiana stated that his organization is in favor of dealers assisting in the registration process, and that all 618 dealers are ready, willing and able to help out. Senator Hume asked if the dealers were willing to have restrictions on what they might charge for the service to the public, and Mr. Dowling replied in the affirmative. However, he cautioned that the idea of the high volume of the public coming to the dealerships may be discomfiting to some of them. Chairperson Merritt asked if one of the hurdles to be crossed for initiation of the program might be the equipment, and Commissioner Gibson agreed that is a concern. He believes 18-19% of all vehicle registration transactions can be done at dealerships, but unless the dealerships ultimately can issue driver's licenses, the BMV will have to continue its presence in the local community. Both Representative Goegelein and Commissioner Gibson expressed reservations as to the transmission of the excise tax on a daily basis from the dealers to the BMV. Senator Hume continued to be concerned that the loss of transactions at the branches could continue to make them less profitable.

Commissioner Gibson commented on what he feels continues to be an issue; namely whether the BMV should be more concerned with cost effectiveness, or service to the public. He feels that the BMV is criticized if it focuses on one to the exclusion of the other. Senator Hume cautioned that the use of dealerships for assistance might not be viewed as a baby step, but rather one foot in the door for the process to continue. He prefers to see the license branch be the face to the community of state government. Representative Wolkins asked what transactions by the BMV actually made money; Commissioner Gibson replied that it is hard to know without an analysis, but probably the issuance of driver's licenses does. Chairperson Merritt proposed that Commissioner Gibson be able to choose what programs might be in the pilot effort. He believes the process can work, as Ohio uses

26 dealers for their on-line registration. Commissioner Gibson, in reference to the literature provided by Mr. von Arx, could not agree that Virginia added 375 dealers at no cost; he believes there is a cost involved in everything. Chairperson Merritt commented that he only picked the ten congressional districts as a basis at random and is open to any suggestion on how to set up the state-wide spread of dealerships.

Dr. Hans Sheridan from National Corporate Solutions spoke to the committee regarding his firm's proposal to provide human resource services to the BMV and BMVC (see Exhibit B).

Commissioner Gibson spoke to the impact of a merger between the BMV and the BMVC. He believes there are several issues that must be considered:

1. Staff cost would be lowered somewhat as BMV staff would not have to appear at BMVC meetings.
2. Contract costs for the attorney for the BMVC would be cut.
3. Staff could be shifted during peak times in one area.
4. Because the State Board of Accounts audits the branches at the expense of the BMV, audit costs might be cut.
5. Per diem and travel for Commissioners would not need to be paid.

In response to Representative Wolkins, Commissioner Gibson conceded that a merger might cost more, when the cost of providing comparable state benefits to the branch employees was considered. Fiscal Analyst Jim Sperlik commented that the branch employees now are members of the Public Employees Retirement Fund. Senator Jackman asked the BMV to have figures to support these points next year; the Commissioner agreed to do so.

Michelle Moore, Director of Motor Vehicle Information Systems, gave an update on the process for making driver's licenses. The licenses are now digitized and the BMV keeps them on record. The new material makes them better and more durable, tamper-resistant, and the licenses show if the bearer is under 21 years of age. Although the BMV had problems getting the new driver's license set up and going, they believe the procedure is going well. The BMV believes that the new process will help to cut down on identification fraud. Marty Murphy, Deputy Commissioner of the Vehicle Services Division, spoke about new license plates. The supplier 3M is helping to facilitate a meeting on flat plate technology. If the county designation were done away with, Mr. Murphy believes that plate waste would become less of an issue. Chairperson Merritt urged the committee to consider a visit to the stamping plant at Michigan City in 2000.

Regarding potential changes in BMV operations, Commissioner Gibson stated that the department would continue to look at full cross county registrations, which would include a temporary plate the customer may take with them if they cannot get a new plate that day, and flexibility on administering drive tests. To raise revenue, the Commissioner suggested advertising on the self-service terminals. He suggested more study on the issues involved in privatizing without growing bigger, connected to the issue of whether the BMV is an agency or a business.

Senator Riegsecker asked if any more thought had been given to testing senior citizens for driver's license renewals; the Commissioner replied that the BMV will not test based solely on age. He believes that a test should be based on ability and other cognitive skills. He suggested that the age group from 18 to 25 be tested as that group actually has the highest risk for accidents. Representative Saunders commented about a family from New Castle who are concerned about a family members' ability to drive safely; Melanie Schwartz, Deputy Commissioner of the Driver's Services Division responded that the BMV was aware of this situation.

Representative Saunders raised a concern that if cross-county registration becomes a fact,

the BMV needs software to make sure the tax collected goes to the proper taxing unit. He also suggested that two separate budgets be made so that it can be determined if either BMV or the BMVC makes a profit to the exclusion of the other. A discussion ensued regarding the offering of a drive test in the county, rather than the city or town as currently statutorily required. Senator Lewis was concerned that if cross-county registration were approved, that residents of certain counties would still have to show results of the emissions test. The Commissioner believes the issue is covered and that a different address would have to be given to circumvent the requirement.

## **FINDINGS AND RECOMMENDATIONS**

A discussion then ensued regarding findings and recommendations from the Committee, with Senator Hume agreeing with the pilot program of allowing dealers to register vehicles. He stated his ideas concerning the criteria for the program.

The Committee offered the following findings and recommendations to be included as a part of the report:

(1.) The Committee found that service to the public and efficiency by the staff would be improved if cross county registration were allowed in all years rather than just those in which renewals were made. The Committee found that the BMV would be able to properly delineate the township for distribution of the excise tax, and could satisfactorily implement the change in administrative function.

The Committee recommended that the Indiana Code be amended to allow cross-county vehicle title registration in all years of a plate cycle. Preliminary

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(2.)The Committee found that the creation of a pilot program to allow auto dealers to complete registration functions within the dealerships would allow a convenience to the public and could reduce the volume of transactions done in person at BMVC branches. By reducing the volume of in-person visits, the BMVC could reduce personnel costs. The Committee found that the auto dealers are receptive to the idea of a pilot program, and that they are are committed to assisting the BMV and the BMVC.

The Committee recommended the preparation and submission of a bill for the 2000 session, allowing for the creation of a pilot program by the BMV to establish procedures for auto dealers to provide vehicle registration at dealerships. The Committee decided that the program would authorize no more than twenty dealers to be a part of the project, with their locations divided within the northern, central, and southern geographic portions of the state. The program would allow a broad and fair cross-section of the dealers, using sales volume and number of

vehicles sold as part of the criteria for the sample. The program would require the dealers to provide the computer equipment necessary, and would establish a sunset date for the program.

The Committee asked Commissioner Gibson for a letter setting forth his ideas. The Committee directed the Legislative Services Agency staff to prepare a bill regarding dealer registration that meets the above criteria for introduction during the 2000 session of the General Assembly.

The Committee voted 9-2 to adopt the Mid Term Report, as amended by this meeting (see Exhibit C), and to recommend the legislation described above. Representative Saunders and Senator Riegsecker voted against the motion.

There being no further business, Chairperson Merritt adjourned the meeting at 3:40 p.m.